

State laws pertaining to debt collection practices (e.g., the Fair Debt Collection Practices Act (15 U.S.C. 1692–1692o)), and with applicable regulations of the Corporation in this chapter;

(c) Require the contractor to account accurately and fully for all amounts collected; and

(d) Require the contractor to provide to the Corporation, upon request, all data and reports contained in its files relating to its collection actions on a debt.

§ 2506.12 When will the Corporation refer claims to the DOJ?

The Chief Executive Officer will refer to the DOJ for litigation all claims on which aggressive collection actions have been taken but which could not be collected, compromised, suspended, or terminated. Referrals will be made as early as possible, consistent with aggressive Corporation collection action, and within the period for bringing a timely suit against the debtor.

§ 2506.13 Will the Corporation use a cross-servicing agreement with the Treasury to collect its claims?

Yes. The Corporation will enter into a cross-servicing agreement with the Treasury which will authorize the Treasury to take all of the debt collection actions described in this part. These debt collection services will be provided to the Corporation in accordance with 31 U.S.C. Chapter 37.

Subpart B—Salary Offset

§ 2506.20 What debts are included or excluded from coverage of these regulations on salary offset?

(a) The regulations in this subpart provide Corporation procedures for the collection by salary offset of a federal employee's pay to satisfy certain debts owed to the Corporation or to other federal agencies.

(b) The regulations in this subpart apply to collections by the Chief Executive Officer, from:

(1) Federal employees who owe debts to the Corporation; and

(2) Employees of the Corporation who owe debts to other federal agencies.

(c) The regulations in subpart A and this subpart do not apply to debts arising

under the Internal Revenue Code of 1986, as amended (title 26, United States Code); the Social Security Act (42 U.S.C. 301 et seq.); the tariff laws of the United States; or to any case where collection of a debt by salary offset is explicitly provided for or prohibited by another statute (e.g., travel advances in 5 U.S.C. 5705 and employee training expenses in 5 U.S.C. 4108).

(d) Nothing in the regulations in this subpart precludes the compromise, suspension, or termination of collection actions under the standards implementing the Federal Claims Collection Act (31 U.S.C. 3711 et seq., 4 CFR parts 101–105, 38 CFR 1.900–1.994).

(e) A levy pursuant to the Internal Revenue Code takes precedence over a salary offset under this subpart, as provided in 5 U.S.C. 5514(d).

(f) This subpart does not apply to any adjustment to pay arising out of an employee's election of coverage or a change in coverage under a Federal benefits program requiring periodic deductions from pay, if the amount to be recovered was accumulated over four or fewer pay periods.

§ 2506.21 May I ask the Corporation to waive an overpayment that would otherwise be collected by offsetting my salary as a federal employee?

Yes, the regulations in this subpart do not preclude an employee from requesting waiver of an overpayment under 5 U.S.C. 5584 or 8346(b), 10 U.S.C. 2774, 32 U.S.C. 716, or under other statutory provisions pertaining to the particular debts being collected.

§ 2506.22 What are the Corporation's procedures for salary offset?

(a) The Corporation will coordinate salary deductions under this subpart as appropriate.

(b) The Corporation's payroll office will determine the amount of an employee's disposable pay and will implement the salary offset.

(c) Deductions will begin within three official pay periods following receipt by the Corporation's payroll office of certification of debt from the creditor agency.

(d) Types of collection—

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(1) *Lump-sum offset.* If the amount of the debt is equal to or less than 15 percent of disposable pay, the debt generally will be collected through one lump-sum offset.

(2) *Installment deductions.* Installment deductions will be made over a period not greater than the anticipated period of employment. The size and frequency of installment deductions will bear a reasonable relation to the size of the debt and the employee's ability to pay. However, the amount deducted from any period will not exceed 15 percent of the disposable pay from which the deduction is made unless the employee has agreed in writing to the deduction of a greater amount.

(3) *Deductions from final check.* A deduction exceeding the 15 percent disposable pay limitation may be made from any final salary payment under 31 U.S.C. 3716 and the Federal Claims Collection Standards, in order to liquidate the debt, whether the employee is being separated voluntarily or involuntarily.

(4) *Deductions from other sources.* If an employee subject to salary offset is separated from the Corporation, and the balance of the debt cannot be liquidated by offset of the final salary check, the Corporation may offset any later payments of any kind against the balance of the debt, as allowed by 31 U.S.C. 3716 and the Federal Claims Collection Standards.

(e) *Multiple debts.* In instances where two or more creditor agencies are seeking salary offsets, or where two or more debts are owed to a single creditor agency, the Corporation's payroll office may, at its discretion, determine whether one or more debts should be offset simultaneously within the 15 percent limitation.

§ 2506.23 How will the Corporation coordinate salary offsets with other agencies?

(a) *Responsibilities of the Corporation as the creditor agency.* Upon completion of the procedures established in the regulations in this subpart and pursuant to 5 U.S.C. 5514, the Corporation must submit a debt claim to a paying agency.

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(1) The Corporation must include in its claim a certification, in writing, that:

- (i) The employee owes the debt;
- (ii) The amount and basis of the debt;
- (iii) The date the Corporation's right to collect the debt first accrued;
- (iv) That the Corporation's regulations in this subpart have been approved by the Office of Personnel Management under 5 CFR part 550, subpart K;

(2) If the collection must be made in installments, the Corporation's claim will also advise the paying agency of the amount or percentage of disposable pay to be collected in each installment. The Corporation may also advise the paying agency of the number of installments to be collected, and the date of the first installment if that date is other than the next officially established pay period.

(3) The Corporation shall also include in its claim either:

- (i) The employee's written consent to the salary offset;
- (ii) The employee's signed statement acknowledging receipt of the procedures required by 5 U.S.C. 5514; or
- (iii) Information regarding the completion of procedures required by 5 U.S.C. 5514, including the actions taken and the dates of those actions.

(4) If the employee is in the process of separating and has not received a final salary check or other final payment(s) from the paying agency, the Corporation must submit its debt claim to the paying agency for collection under 31 U.S.C. 3716. The paying agency will (under its regulations adopted under 5 U.S.C. 5514 and 5 CFR part 550, subpart K), certify the total amount of its collection on the debt and notify the employee and the Corporation. If the paying agency's collection does not fully satisfy the debt, and the paying agency is aware that the debtor is entitled to payments from the Civil Service Retirement and Disability Fund or other similar payments that may be due the debtor employee from other Federal Government sources, then (under its regulations adopted under 5 U.S.C. 5514 and 5 CFR part 550, subpart K), the paying agency will provide written notice of the outstanding debt to the agency responsible